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RURAL ELECTRIFICATION ADMINISTRATION

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Approximately 175,000 farm families will receive electric service from \$60,000,000 worth of rural power lines which REA borrowers have under way or completed at this year end, Administrator John M. Carmody announced today.

In a paper presented before the American Farm Economic Association at Atlantic City, Mr. Carmody pointed out that 50,000 farm families are already benefiting from electricity brought to them over rural lines built by REA borrowers. "REA is bending every effort to complete the additional construction," he said, adding:

"In the two and one-half years which have elapsed since the Rural Electrification Administration was created, a trained organization has been built up, its functions have been expanded to meet the needs of a developing program, and its policies have been shaped by the forces which the Administration has encountered."

Noting that REA has also provided a powerful stimulus to farm electrification by the utilities, Mr. Carmody said:

"In the two years 1933 and 1934 these utilities electrified a total of thirty-four thousand farms. In the first two and one-half years of the REA, they electrified over three hundred thousand farms and today one farm in every six in this country enjoys some of the benefits of electricity. These figures afford a measure of the progress of rural electrification in recent years."

Referring to the effect of the rural electrification program upon industry, Mr. Carmody said:

"The Federal Government continues to be faced with the problem of providing productive employment for this nation's labor reservoir. The current recession of activity in industry makes imperative new orders for materials and equipment to maintain employment and profits.

"Self-liquidating loans for constructive rural electrification projects provide productive employment and help to stimulate industry at a very modest net cost to the Federal treasury. Furthermore, for every dollar for rural line construction the Federal Government lends, the farmer spends another dollar for wiring his farm and purchasing appliances."

The "barrier of excessive charges for wholesale energy" for REA projects is gradually being broken down, according to Mr. Carmody. His paper continued:

"Some of the projects first financed by REA had to pay from two to three cents per kilowatt-hour for wholesale power. For many of our projects this cost today is one cent or lower. Wholesale energy is the largest item of cost in connection with the operation of these rural lines. Inasmuch as 98 percent of this energy is purchased from existing private utilities, TVA and a few municipals, any reduction in the wholesale rate adds greatly to the pay out possibilities of these lines."

